

LITIGATION PLAN

SBA Borrower: Joe Smith Towing, Inc. dba Triple A Towing
SBA Loan Number(s): GP-111-222-4004

Lender: First Bank
Lender Address: 1234 Main Street, Paris, Kentucky
Lender Contact: Joe Martinez
Telephone Number: 240-555-1212
Fax Number: 240-555-1111

Attorney: Joseph Davis
Law Firm: Davis & Smith
Address: 1235 Main Street, Paris, Kentucky
Telephone Number: 240-555-4444
Fax Number: 240-555-5555

1. WHAT COURT ACTION DO YOU WISH TO TAKE?

(Include name and location of court, and any other services you want your attorney to perform.) File suit against borrower and guarantor in State District Court for deficiency judgment. Once the judgment is obtained it will be abstracted and counsel will proceed to have Sheriff/Marshal attach and foreclose on guarantor's residence.

2. WHAT IS YOUR STRATEGY IN THIS MATTER?

(Will a trial or evidentiary hearing be required? Are expert witnesses needed?)
It is likely that a summary judgment will be obtained.

3. DO YOU HAVE ANY NON-SBA GUARANTEED LOANS TO THE BORROWER(S), GUARANTOR(S), OR PRINCIPALS?

(List balance, loan status, obligors, and collateral – including lien position for each loan.)
A home equity loan with a remaining balance of \$43,234. Loan is delinquent and is secured by a second the guarantor's residence

4. WHAT IS THE ESTIMATED RECOVERY AMOUNT?

Based on the equity in the guarantor's residence (\$300,000 value less \$50,000 first lien and banks \$43,234 second lien) recovery should be approximately \$146,776 before expenses.

5. IS THERE A RISK OF ADVERSE PRECEDENT? No.

(Describe any litigious issues you know about.) None.
6. ARE THERE ANY CONFLICTS OF INTEREST, ACTUAL OR POTENTIAL, BETWEEN SBA AND LENDER OR LENDER'S LAW FIRM? (Attach statement from law firm concerning conflict of interest.) No.
7. IS ALTERNATIVE DISPUTE RESOLUTION FEASIBLE? No.
8. ARE THERE ANY SETTLEMENT ALTERNATIVES? None.
9. WHEN WILL THE LITIGATION BE COMPLETED? 8 months
10. WHAT IS THE LEGAL BUDGET? Total estimated fees and costs: \$ <u>8,500</u> A. LEGAL FEES Total estimated Legal Fee: \$ <u>7,500</u> Method of Billing: (circle one) X Hourly rate Flat fee Contingent fee If billing is hourly, list hourly rate for each attorney and paralegal who may work on this litigation. Joseph Davis, attorney, \$185.00 per hour; Mary Smith, paralegal, \$80.00 per hour B. COSTS Total estimated costs: \$ <u>1,000</u> Itemize costs anticipated to be in excess of \$100. (For example, expert witness fees, appraisals or title reports.) \$500 for appraisal and \$500 for attorney's fees.
11. Should there be a pro-rata allocation of legal fees and recovery between your loan(s) and the SBA guaranteed loan(s)? If so, please describe and explain your proposal. Fees for litigation and sheriff/marshal sale to be split pro rata between SBA loan and bank's home equity loan to guarantor.

PROMPTLY SUBMIT THE COMPLETED **LITIGATION PLAN*** AND COPIES OF ALL **PLEADINGS AND LEGAL BILLS** TO:

U.S. SMALL BUSINESS ADMINISTRATION
 LEGAL DIVISION
 1145 Herndon Parkway
 Herndon VA, 20170

* Please note: An amended Litigation Plan must be submitted if your strategy changes or the fees and costs exceed your estimate by 5% or more.